

Message Text

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PAGE 01 STATE 302012

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TO USMISSION EC BRUSSELS

C O N F I D E N T I A L STATE 302012

FOL RPT PANAMA 7857 ACTION SECSTATE INFO BRUSSELS GUATEMALA
MANAGUA QUITO SAN JOSE TEGUCIGALPA DEC 19 QTE

C O N F I D E N T I A L PANAMA 7857

E.O. 11652:GDS

TAGS: PGOV, BE, EEC, PN

SUBJECT: UNITED BRANDS (UB) GOP NEGOTIATIONS

REFS: (A) PANAMA 7576 (B) PANAMA 7327

(C) PANAMA 5536(D) PANAMA 5935 (NOTAL)

SUMMARY: WALLACE BOOTH, UB CHAIRMAN AND CHIEF EXECUTIVE VISITED
PANAMA DEC 17-19 TO CONFER WITH EMBASSY AND GOP, INCLUDING
GENERAL TORRIJOS. ON OCCASION BOOTH VISIT, UB ISSUED PRESS
RELEASE ANNOUNCING THE EXPECTATION OF A FORMAL UB/GOP AGREEMENT
EARLY IN THE YEAR. LOCAL PRESS DEC 19 FRONTPAGED PRESS
RELEASE. HOWEVER, SEGMENT OF THE PRESS TIMED IT TO ALSO
FRONTPAGE A REPORT FROM BRUSSELS THAT EUROPEAN COMMON MARKET
(EEC) HAD HEAVILY FINED UB FOR VIOLATING ITS ANTI-MONOPOLY
LAWS. UB REP WALKER INFORMED. HE WAS UNAWARE OF THIS, BUT
DID NOT APPEAR PERTURBED. END SUMMARY

1. UB EXECUTIVES WERE QUITE ACTIVE THS WEEK. UB CONSULTANT
KEVIN CORRIGAN (REF D) CALLED ON AMBASSADOR AND ECON/COM
COUNSELOR DEC 15 AND DEC 16, RESPECTIVELY. BOOTH,
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PAGE 02 STATE 302012

ACCOMPANIED BY CORRIGAN, MET WITH AMBASSADOR MORNING

DEC 18.

2. THEY REPORTED FOLLOWING: THERE WERE SOME MINOR POINTS TO BE WORKED OUT IN THE PRELIMINARY DRAFT OF THE NEW UB/GOP AGREEMENT (REF A) BUT FORESAW NO RPT NO PROBLEM. GENERAL TORRIJOS WANTED AGREEMENT READY FOR HIS SIGNATURE EARLY IN JANUARY-THE LATEST-AND WIDELY PUBLICIZED IN THE U.S. ACTUALLY TORRIJOS SO IMPATIENT, HE WANTED CORRIGAN TO BEGIN PUBLICITY BEFORE FORMAL UB/GOP AGREEMENT. AMBASSADOR CAUTIONED U.B. NOT TO DO SO BEFORE AGREEMENT FINALIZATION.

3. IN MEETING WITH ECON/COM COUNSELOR AT UB OFFICE LATE DEC 81, CORRIGAN REPORTED FOLLOWING: BOOTH HAD A CORDIAL 45-MINUTE MEETING WITH GENERAL TORRIJOS AND VICE PRESIDENT GONZALEZ EARLIER THAT AFTERNOON. HE AND UB REP BOBBY WALKER WERE PRESENT. BOOTH POINTED OUT UB HAD MADE MANY ERRORS IN THE PAST AND IT WAS HIS JOB TO LAY THE GROUNDWORK FOR A NEW AND PERMANENT RELATIONSHIP WITH PANAMA. TORRIJOS EXPRESSED SATISFACTION ON HAPPY OUTCOME DRAFT UB/GOP AGREEMENT AND PARTICULARLY INTERESTED IN UB SPEEDY IMPLEMENTATION OF UB PROPOSED AGRICULTURAL DIVERSIFICATION (REF C).

4. CORRIGAN ALSO REPORTED SESSIONS FOR PREPARATION FINAL UB/GOP TO BEGIN DEC 19 WITH FOLLOWING PARTICIPANTS: A) GOP-VICE PRESIDENT GONZALEZ; RECENTLY APPOINTED MIN. OF COMMERCE & INDUSTRIES (LIC. JULIO E. SOSA (REF B); LEGISLATIVE COMMISSION MEMBER RUBEN DARIO HERRERA AND JAIME ARIAS, BOTH GOP LEGAL ADVISORS, AND B) UB-DR. EMANUEL V. AIRPURUA AND NICOLAS SABAL, LEGAL AND FINANCIAL ADVISERS, RESPECTIVELY.

5. ON OCCASION BOOTH VISIT, UB PREPARED NEWS RELEASE, ANNOUNCING HIS ELECTION AS HEAD OF UB AND PERSONAL CHARGE OF NEGOTIATIONS WITH GOP AND REPORTING-INTER ALIA- A) BOOTH'S MEETING WITH VICE PRESIDENT GONZALES (TORRIJOS PRESENCE NOT MADE PUBLIC) AND THAT GOP AND UB REPS HAVE "IRONED OUT MOST OF THE MAJOR PROBLEMS" AND THAT CONCLUSION FORMAL AGREEMENT EXPECTED "EARLY IN THE YEAR"; B) "BOTH SIDES" AGREED THAT PANAMA WOULD LARGELY BENEFIT FROM UB EXPERTISE IN BANANA PRODUCTION AND WORLDWIDE MARKETING; C) UB AGREED WITH GOP PERSISTENT

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PAGE 03 STATE 302012

POSTURE THAT "CHANGING CONDITIONS REQUIRED FUNDAMENTAL CHANGES" IN UB/GOP RELATIONSHIP, AND D) UB/GOP NEGOTIATIONS WERE TO BE CONDUCIVE TO A FORMULA ASSURING "PANAMA FULL CONTROL OF ITS NATURAL RESOURCES," " INCLUDING OWNERSHIP OF UB AGRICULTURAL LANDS."COPY OF UB PRESS RELEASE BEING FORWARDED DEPARTMENT.

6. LOCAL PRESS DEC 19 FRONTPAGED UB PRESS RELEASE. HOWEVER, BOTH ESTRELLA AND STAR & HERALD ALSO FRONTPAGED

UNDATED AP REPORT FROM BRUSSELS THAT A) EEC HAD FINED UB \$1.6 MILLION (STAR & HERALD: \$1.2 MILLION) FOR VIOLATING ITS ANTI-MONOPOLY LAWS AND ORDERED UB TO REDUCE ITS PRICES IN SIX WESTERN EUROPEAN COUNTRIES, AND IF UB FAILED TO COMPLY IT WILL BE SUBJECT TO DAILY FINE OF \$1600 (STAR & HERALD \$1200). WHEN ECON/COM COUNSELOR INFORMED WALKER FOREGOING EARLY DEC. 19, HE WAS UNAWARE OF THIS. HE WAS CONFIDENT THIS WOULD NOT BE A DAMPER TO PRESENT TREND OF UB/GOP NEGOTIATIONS.

7. COMMENTS: TORRIJOS' IMPATIENCE IN GETTING AN AGREEMENT WITH UB IS UNDERSTANDABLE, BECAUSE OF BLEAK OUTLOOK IN PANAMA'S ECONOMY FOR 1976. THEREFORE, HE AND HIS CABINET MINISTERS ANXIOUS TO RESTORE BUSINESS CONFIDENCE, IMPROVE INVESTMENT CLIMATE AND CURB GROWING UNEMPLOYMENT, ESPECIALLY IN THE RURAL SECTOR. THE TIMING OF THE EEC REPORT BY THE SEMI-INDEPENDS ESTRELLA DND STAR & HERALD WAS RATHER UNFORTUNATE. IT REMAINS TO BE DETERMINED WHETHER THIS IS THE WORK OF ELEMENTS TRYING TO EMBARRASS PUBLICLY THE GOP. BOOTH AND CORRIGAN DEPARTED FOR U.S. NOON DECEMBER 19.

JORDEN
UNQTE
KISSINGER

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